

EXHIBIT A

**COURT OF COMMON PLEAS
HAMILTON COUNTY, OHIO**

FRED R. LANGLEY
2301 Duncan Ridge Way
Knoxville, TN 37919

Plaintiff,

-v-

LEXINGTON INSURANCE COMPANY
c/o Corporation Service Company
251 Little Falls Drive
Wilmington, Delaware 19808

Defendant.

)
) **Case No.** _____
)
)

) **Judge** _____
)
)

) **COMPLAINT FOR BREACH OF**
) **CONTRACT, DECLARATORY**
) **JUDGMENT, BAD FAITH, AND**
) **OTHER RELIEF**
)

) **JURY DEMAND ENDORSED HEREON**
)
)

Plaintiff Fred R. Langley ("Langley") makes the following Complaint against Defendant Lexington Insurance Company ("Lexington").

PARTIES, JURISDICTION AND VENUE

1. Plaintiff Langley is an individual who resides in Knoxville, Tennessee. Langley owns a commercial office building located at 5051 Estecreek Dr., Cincinnati, OH 45232 (the "Property").

2. Defendant Lexington is an insurance company that transacts business in the state of Ohio by selling insurance to consumers and businesses located within the state and insuring real and private property within the state. It is incorporated in the state of Delaware, and is headquartered in Massachusetts.

3. Lexington issued a property insurance policy to Langley, policy number 16MEA0466954, with a policy period of 6/28/2021 to 6/28/2022 (the "Lexington Policy").

Langley paid to Lexington a premium of \$34,651.00 plus a fee of \$350.00 and tax of \$1,732.55 in consideration for the Lexington Policy. A copy of the Lexington Policy is attached as Exhibit A.

4. This Court has subject matter jurisdiction over this action, which includes claims for damages in an amount exceeding the minimum jurisdiction of the Court of Common Pleas.

5. Venue is proper in this Court pursuant to Ohio Rule of Civil Procedure 3(B)(3), (5), and/or (12) because the activity giving rise to the claim for relief was conducted in Hamilton County, Ohio, because the real property that is the subject of this action is located in Hamilton County, Ohio, and because Langley regularly and systematically conducts business activity in Hamilton County, Ohio.

BACKGROUND

A. The Lexington Policy

6. Langley purchased the Lexington Policy to provide insurance coverage for the Property upon expiration of a policy issued by Western World Insurance Company, which like Lexington was a wholly owned subsidiary of American International Group Inc. as of the inception date of the Lexington Policy – June 28, 2021.

7. The Lexington Policy provides limits of \$2,500,000.00 per occurrence for loss that it covers, with a \$50,000.00 deductible for damage to a building.

8. The Lexington Policy obligates Lexington to “pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.”

9. The Property and the building upon it are “Covered Property” as defined by the Lexington Policy.

10. “Covered Cause of Loss” is defined by the Lexington Policy to mean all “Risks of Direct Physical Loss unless the loss is: (1) Excluded in Section B., Exclusions; or (2) Limited in Section C., Limitations; that follow.”

11. The Lexington Policy does not apply a coinsurance percentage to covered loss.

C. Damage to the Property and the Insurers’ Claim Denials

12. On or about May 30, 2021, G. Robert Hines, counsel for the owner of the building prior to Langley, reported to counsel for Langley that the Property had been broken into and vandalized.

13. At that time, and at all times thereafter up to and including the date of this filing, the Property was not occupied by any tenants.

14. On or about June 2, 2021, Paul Plattner, an employee of Colliers International, a real estate services company retained by Langley, boarded up the facility and attempted to secure it.

15. No one observed any water damage to the Property at this time.

16. On or about September 17, Mr. Plattner visited the Property and discovered that water was escaping from the building.

17. Mr. Plattner arranged for the water to be shut off at the building and notified Langley of his discovery.

18. Langley gave notice of the water damage to Lexington on or about September 17, 2021.

19. Employees of Langley visited the building on or about September 20, 2021 in order to further survey the damage.

20. These employees observed extensive water damage to the Property.

21. The building had suffered water damage and microbial growth on all three of its floors.

22. Upon information and belief, the water damage to the property began to occur on or after July 12, 2021.

23. The employees also believe that tangible property was removed from the Property since the prior time it was observed in early June 2021.

24. On or about September 24, 2021, Lexington's agent made a site visit to the Property to inspect the damage.

25. Lexington again conducted site visits through its agents on or about October 4 and October 11, 2021.

26. In a letter to Langley dated January 7, 2022, Lexington denied coverage for the claim. A copy of Lexington's coverage denial letter is attached as Exhibit B.

27. Lexington based its denial in part on its conclusions that the water damage was caused by vandalism that allegedly caused the building's fire suppression system to leak water, and that this type of loss was allegedly excluded by a vandalism exclusion in the policy.

28. On or about March 22, 2022, Langley's counsel sent a letter to Lexington demanding payment for Langley's loss. A copy of this letter is attached as Exhibit C.

29. The March 22, 2022 letter explained that the vandalism exclusion and all other bases for denial that Lexington proffered were inapplicable to Langley's loss.

30. Specifically, the letter cites a Sixth Circuit case, interpreting Tennessee law, analogous to the facts of Langley's loss, in which the Sixth Circuit interpreted a vandalism exclusion and ruled in favor of the policyholder.

31. On or about April 14, 2022, Lexington sent two letters affirming its denial of Langley's claim. Those letters are attached as Exhibit D and Exhibit E.

FIRST CLAIM FOR RELIEF
(Breach of Contract)

32. Langley incorporates by reference, as if fully rewritten herein, all the preceding paragraphs of this Complaint.

33. Lexington issued the Lexington Policy to Langley.

34. The Lexington Policy is a valid and binding contract, including offer, acceptance, and consideration.

35. The Lexington Policy provides that Lexington will pay for damage to the Property for a covered cause of loss, among other benefits.

36. Langley has performed all conditions precedent to the Lexington Policy, if any, and/or are excused from the conditions precedent.

37. Lexington failed and refused to pay for the loss suffered by Langley, constituting a breach of contract.

38. As a direct and proximate result of Lexington's breaches of contract, Langley has suffered damages in an amount in excess of \$25,000, to be proven at the trial of this matter.

SECOND CLAIM FOR RELIEF
(Declaratory Judgment)

39. Langley incorporates by reference, as if fully rewritten herein, all the preceding paragraphs of this Complaint.

40. There exists a real and justiciable controversy that is ripe for determination regarding the parties' rights and obligations under the Lexington Policy, including but not limited to a dispute as to whether Langley is entitled to benefits under the Lexington Policy.

41. Langley has no adequate remedy at law.

42. Langley is entitled to a determination of the parties' rights and obligations under the Lexington Policy, including but not limited to a declaration that Langley is entitled to benefits under the Lexington Policy.

THIRD CLAIM FOR RELIEF
(Bad Faith Pursuant to Tennessee Code § 56-7-105)

43. Langley incorporates by reference, as if fully rewritten herein, all the preceding paragraphs of this Complaint.

44. The Lexington Policy provides coverage for Langley's loss.

45. Langley has made a formal demand for payment from Lexington.

46. More than 60 days have passed since Langley made its demand for payment from Lexington.

47. Lexington's refusal to pay is not in good faith.

FOURTH CLAIM FOR RELIEF
(Common Law Bad Faith)

48. Langley incorporates by reference, as if fully rewritten herein, all the preceding paragraphs of this Complaint.

49. Lexington owed a duty of good faith and fair dealing to Langley at all relevant times, and Lexington continues to owe Langley such a duty.

50. Lexington's duty of good faith and fair dealing includes the obligation not to place its own interests ahead of Langley's interests as an insured.

51. Langley has complied with each and every obligation and condition precedent imposed on it under the Lexington Policy.

52. Langley is entitled to full coverage under the terms of the Lexington Policy.

53. There was, and is, no reasonable basis in law or fact for Lexington's failure and refusal to provide coverage for Langley's covered loss.

54. Lexington's coverage position was not, and is not, legitimate, and its use of an illegitimate coverage position to avoid or delay full payment for Langley's covered loss is improper and constitutes bad faith.

55. Lexington either knows that there is no reasonable basis for its coverage position or Lexington has acted with reckless disregard as to whether a reasonable basis exists, and therefore, Lexington's actions are outrageous.

56. As a direct and proximate cause of Lexington's conduct and bad faith, Langley has and will continue to suffer substantial damages, in an amount in excess of \$25,000, to be proven at the trial of this matter.

57. At all times relevant hereto, Lexington acted intentionally, fraudulently or recklessly towards Langley, or with malice towards Langley, entitling Langley to an award of punitive damages.

WHEREFORE, Plaintiff Fred R. Langley demands judgment against Defendant Lexington Insurance Company as follows:

- a. On Count One, for compensatory damages in an amount in excess of \$25,000, to be proven at the trial of this matter;
- b. On Count Two, for an Order declaring the rights and obligations of the parties under the Lexington Policy, including without limitation an order declaring that Langley is entitled to benefits under the Lexington Policy;
- c. On Count Three, for compensatory damages in an amount in excess of \$25,000, to be proven at the trial of this matter, and attorneys' fees and costs;
- d. On Count Four, for compensatory damages in an amount in excess of \$25,000, to be proven at the trial of this matter, punitive damages, and attorneys' fees and costs; and
- e. On all Counts, for punitive damages, interest, costs, and attorneys' fees as allowed by law, and such other and further relief as may be deemed just and equitable.

Respectfully submitted,

/s/ Anthony M. Verticchio

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Stephanie M. Scott (0096997)
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sscott@kmklaw.com
Attorneys for Plaintiff Fred R. Langley

JURY DEMAND

Plaintiff demands a trial by jury of all issues properly triable.

INSTRUCTIONS TO CLERK

Please serve the Summons and Complaint upon the Defendant at the addresses identified in the caption of the Complaint by certified mail, return receipt requested, returnable according to law.

EXHIBIT A

NOTICE TO POLICYHOLDERS FRAUD NOTICE

Alabama	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or who knowingly presents false information in an application for insurance is guilty of a crime and may be subject to restitution, fines, or confinement in prison, or any combination thereof.
Arkansas Louisiana West Virginia	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Colorado	It is unlawful to knowingly provide false, incomplete, or misleading facts or information to an insurance company for the purpose of defrauding or attempting to defraud the company. Penalties may include imprisonment, fines, denial of insurance and civil damages. Any insurance company or agent of an insurance company who knowingly provides false, incomplete, or misleading facts or information to a policyholder or claimant for the purpose of defrauding or attempting to defraud the policyholder or claimant with regard to a settlement or award payable from insurance proceeds shall be reported to the Colorado Division of Insurance within the Department of Regulatory Agencies.
District of Columbia	WARNING: It is a crime to provide false or misleading information to an insurer for the purpose of defrauding the insurer or any other person. Penalties include imprisonment and/or fines. In addition, an insurer may deny insurance benefits if false information materially related to a claim was provided by the applicant.
Florida	Any person who knowingly and with intent to injure, defraud, or deceive any insurer files a statement of claim or an application containing any false, incomplete, or misleading information is guilty of a felony of the third degree.
Kentucky	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any materially false information or conceals, for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime.
Maine	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties may include imprisonment, fines, or denial of insurance benefits.
Maryland	Any person who knowingly or willfully presents a false or fraudulent claim for payment of a loss or benefit or who knowingly or willfully presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
New Jersey	Any person who includes any false or misleading information on an application for an insurance policy is subject to criminal and civil penalties.
New Mexico	ANY PERSON WHO KNOWINGLY PRESENTS A FALSE OR FRAUDULENT CLAIM FOR PAYMENT OF A LOSS OR BENEFIT OR KNOWINGLY PRESENTS FALSE INFORMATION IN AN APPLICATION FOR INSURANCE IS GUILTY OF A CRIME AND MAY BE SUBJECT TO CIVIL FINES AND CRIMINAL PENALTIES.

New York	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime, and shall also be subject to a civil penalty not to exceed five thousand dollars and the stated value of the claim for each such violation. Fire: Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance containing any false information, or conceals for the purpose of misleading, information concerning any fact material thereto, commits a fraudulent insurance act, which is a crime.
Ohio	Any person who, with intent to defraud or knowing that he is facilitating a fraud against an insurer, submits an application or files a claim containing a false or deceptive statement is guilty of insurance fraud.
Oklahoma	WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.
Pennsylvania	Any person who knowingly and with intent to defraud any insurance company or other person files an application for insurance or statement of claim containing any materially false information or conceals for the purpose of misleading, information concerning any fact material thereto commits a fraudulent insurance act, which is a crime and subjects such person to criminal and civil penalties.
Rhode Island	Any person who knowingly presents a false or fraudulent claim for payment of a loss or benefit or knowingly presents false information in an application for insurance is guilty of a crime and may be subject to fines and confinement in prison.
Tennessee Virginia Washington	It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits.
All Other States	Any person who knowingly and willfully presents false information in an application for insurance may be guilty of insurance fraud and subject to fines and confinement in prison.

POLICYHOLDER NOTICE

Thank you for purchasing insurance from a member company of American International Group, Inc. (AIG). The AIG member companies generally pay compensation to brokers and independent agents, and may have paid compensation in connection with your policy. You can review and obtain information about the nature and range of compensation paid by AIG member companies to brokers and independent agents in the United States by visiting our website at www.aig.com/producer-compensation or by calling 1-800-706- 3102.

STOCK COMPANY

COMMERCIAL LINES POLICY
LEXINGTON INSURANCE COMPANY

POLICY NUMBER: 026710169

Prior Policy Number: BRB0006960

COMMON POLICY DECLARATIONS

Agent/Broker #97053

Named Insured and Mailing Address:

The Langley Companies / F.R. Langley

520 W. Summit Hill Dr.
Ste. 1201
Knoxville, TN 37902

Producer:

Brown & Riding Insurance Services Inc
3405 Piedmont Road NE

Atlanta, GA 30305

Policy Period: (Mo./Day/Yr.)

From: 06/28/2021

To:06/28/2022

12:01 AM, standard time at your mailing address shown above.

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGES FOR WHICH A PREMIUM IS INDICATED. THIS PREMIUM MAY BE SUBJECT TO ADJUSTMENT.

Commercial Property Coverage Part		\$ 34,651.00
_____	Premium	\$34,651.00
_____	Company Fee	\$0.00
_____	Broker Fee	\$350.00
_____	Inspection Fee	\$0.00
_____	State Tax	\$1,732.55
_____	Total	\$36,733.55
Other Coverages: Terrorism Risk Insurance Act		\$ NOT COVERED
_____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
THE INSURANCE HEREBY EVIDENCED IS WRITTEN BY AN APPROVED NON-LICENSED INSURER IN THE STATE OF OHIO AND IS NOT COVERED IN CASE OF INSOLVENCY BY THE OHIO INSURANCE GUARANTY ASSOCIATION.		TOTAL ADVANCE PREMIUM \$ 34,651.00
_____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
_____		\$ _____
Forms and endorsements applying to this policy and attached at time of issue:		\$ _____
See Applicable Schedule Of Forms And Endorsements		\$ _____
GRAND TOTAL		\$ 34,651.00

COMMON POLICY DECLARATIONS (continued)

POLICY NUMBER: 026710169

The Named Insured is:

☐ Individual ☐ Partnership ☐ Limited Liability Company ☒ Organization/Corporation ☐ Trust
☐ Other _____

Location of Business:
See PRDS01

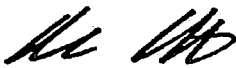
Business Description:
VACANT BUILDINGS

THESE DECLARATIONS TOGETHER WITH THE COVERAGE PART DECLARATIONS, THE COMMON POLICY CONDITIONS, COVERAGE FORM(S), AND FORMS AND ENDORSEMENTS, IF ANY, COMPLETE THE ABOVE NUMBERED POLICY.

LEXINGTON INSURANCE COMPANY

Administrative Office
99 High Street, Floor 24
Boston, MA 02110-2378

We will provide the insurance described in this policy in return for the premium and compliance with all applicable provisions of this policy. If required by state law, this policy shall not be valid unless countersigned by our authorized representative.



Secretary

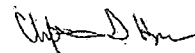


President

Countersigned:

06/30/2021 WOSMARY

By



Authorized Representative

NOTICE - CLAIM REPORTING

To report a claim you may:

- Visit our website at: www.lexingtonclaims.com
- E-mail us at: NewLoss-USproperty&energy@aig.com
- Call our toll-free telephone number at: 800-931-9546
- Fax us at: 855-805-4125
- Mail us at:
AIG
PO Box 25967
Shawnee Mission, KS 66225
Attn: Commercial Property Claims Department

Such written notice shall include the Named Insured as shown on the Declarations, the policy number, the date of loss and a brief description of the potential claim.

Options for Questions Regarding Existing/Previously Reported Claims

For questions regarding existing claims, contact should be made directly via phone or email with the assigned AIG Examiner. **However, in the instance where an AIG Examiner is unknown, please use the following methods to obtain the information:**

- Claim Service Center: 877-873-9972
- AIG CallOne: 800-931-9546

WW497 (01/21)

SCHEDULE OF FORMS AND ENDORSEMENTS

POLICY NUMBER: 026710169	NAMED INSURED The Langley Companies / F.R. Langley
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Form/Endorsement No./Edition Date

Title (Note- Titles are indications only. See actual form for correct name.)

NTCFR01(10_20)	NOTICE OF POLICYHOLDERS FRAUD NOTICE
91222(09_16)	POLICYHOLDER NOTICE
WW230(01_21)	COMMON POLICY DECLARATIONS
WW497(01_21)	NOTICE - CLAIM REPORTING
WW22(01_21)	SERVICE OF SUIT
IL0017(11_98)	COMMON POLICY CONDITIONS
WWME011(06_11)	MANUSCRIPT ENDORSEMENT
WWME012(06_11)	MANUSCRIPT ENDORSEMENT
PRDS01(03_21)	COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS
WW425(02_08)	EXCL OF CHEMICAL AND BIOLOGICAL LOSS OR DAMAGE
WW458(06_13)	ASBESTOS EXCLUSION
CP0010(06_07)	BUILDING & PERSONAL PROPERTY COVERAGE FORM
CP0090(07_88)	COMMERCIAL PROPERTY CONDITIONS
CP0140(07_06)	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP0450(07_88)	VACANCY PERMIT
CP1030(06_07)	CAUSES OF LOSS - SPECIAL FORM
CP1033(06_95)	THEFT EXCLUSION
CP1055(06_07)	VANDALISM EXCLUSION
CP1211(10_00)	BURGLARY & ROBBERY PROTECTIVE SAFEGUARDS
IL0935(07_02)	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL0953(01_15)	EXCLUSION OF CERTIFIED ACTS OF TERRORISM
ILP001(01_04)	U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS
PR1001(10_14)	WATER EXCLUSION
PR1002(10_14)	EARTH MOVEMENT EXCLUSION
PR1027(09_20)	ALUMINUM WIRING EXCLUSION
PR1212(03_20)	DEFINITION OF ACTUAL CASH VALUE ENDORSEMENT
PR1401(03_15)	PRIOR LOSS
PR9909(04_15)	MINIMUM EARNED PREMIUM
PR9910(09_19)	PRIMARY INSURANCE PROVISIONS ENDORSEMENT
PR9919(09_19)	LIMITATION ON COVERAGE FOR ROOF SURFACING

ADDITIONAL FORMS AND ENDORSEMENTS

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

SERVICE OF SUIT

This endorsement modifies insurance provided by the Policy.

The following **SERVICE OF SUIT** clause is added to the Policy unless the Policy already contains a service of suit clause, in which case such clause is, deleted in its entirety and replaced with the following:

SERVICE OF SUIT

In the event of the Company's failure to pay any amount claimed to be due hereunder, the Company, at the Insured's request, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver of the Company's rights to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States. It is further agreed that service of process in such suit may be made upon Counsel, Legal Department, Lexington Insurance Company, 99 High Street, Boston, Massachusetts, 02110 or his or her representative, and that in any suit instituted against the Company upon this Policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefor, the Company hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his or her successors in office as the Company's true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by the Insured or on the Insured's behalf or any beneficiary hereunder arising out of this Policy of insurance and hereby designate the above named Counsel as the person to whom the said officer is authorized to mail such process or a true copy thereof.

All other terms and conditions of the Policy remain the same.

IL 00 17 11 98

COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

- a. Are safe or healthful; or

- b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

WWME011 - Actual Cash value - Roof Surfacing

In consideration of the premium charged, it is understood and agreed that Actual Cash Valuation (ACV) applies to roofs greater than 15 years old per the schedule on file with the Company.

WWME011 (06/11)

WWME012 - Condition of Coverage

It is hereby understood and agreed Condition of Coverage is that heat will be maintained above 55 degrees Fahrenheit or pipes will be fully drained during the entirety of the policy period. If not maintained, water damage exclusion applies.

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)

B. COVERAGES PROVIDED AND LIMITS OF INSURANCE AND/OR SUB-LIMITS OF INSURANCE INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY TO COVERAGES FOR WHICH A LIMIT OF INSURANCE OR SUB-LIMIT OF INSURANCE IS SHOWN IN THE SCHEDULE BELOW (INCLUDING X FOR COVERAGE, \$ OR TEXT FOR LIMIT OF INSURANCE OR SUB-LIMIT OF INSURANCE).				
"X" in this column means the coverage applies.	COVERAGE	LIMIT OF INSURANCE	SUB-LIMIT OF INSURANCE	PER OCCURRENCE, ANNUAL AGGREGATE, OR OTHER
X	PER APPLICABLE CAUSES OF LOSS FORM - WINDSTORM OR HAIL	Included in 2.A. Limit		PER OCCURRENCE
	PR 1003 - EARTHQUAKE AND VOLCANIC ERUPTION		\$	ANNUAL AGGREGATE
	MASONRY VENEER OPTION APPLIES		PER PR 1003	PER PR 1003
	EARTHQUAKE - SPRINKLER LEAKAGE ONLY APPLIES		PER PR 1003	PER PR 1003
	PR 1004 - FLOOD		\$	ANNUAL AGGREGATE
	UNDERLYING INSURANCE WAIVER APPLIES		PER PR 1004	PER PR 1004
	PR 1015 - EARTH MOVEMENT		\$	ANNUAL AGGREGATE
	PR 9907 - INCREASED RADIUS	PER PR 9907	PER PR 9907	PER PR 9907
	PR 9908 - PROPERTY PLUS - DIRECT DAMAGE	PER PR 9908	PER PR 9908	PER PR 9908
	PREB2 - EQUIPMENT BREAKDOWN	Included in 2. A. Building and/or Business Personal Property Limit		PER OCCURRENCE
	DATA RESTORATION (IF SUB-LIMIT IS OTHER THAN \$100,000)		PER PREB1	PER OCCURRENCE
	EXPEDITING EXPENSE (IF SUB-LIMIT IS OTHER THAN \$100,000)		PER PREB1	PER OCCURRENCE
	FUNGUS, WET ROT, DRY ROT AND BACTERIA (IF SUB-LIMIT IS OTHER THAN \$100,000)		PER PREB1	PER OCCURRENCE
	GREEN (IF SUB-LIMIT IS OTHER THAN \$250,000)		PER PREB1	PER OCCURRENCE
	HAZARDOUS SUBSTANCES (IF SUB-LIMIT IS OTHER THAN \$100,000)		PER PREB1	PER OCCURRENCE
	OFF PREMISES EQUIPMENT BREAKDOWN (IF SUB-LIMIT IS OTHER THAN \$1,000,000)		PER PREB1	PER OCCURRENCE
	SPOILAGE (IF SUB-LIMIT IS OTHER THAN \$100,000)		PER PREB1	PER OCCURRENCE
	PR 0410 - ORDINANCE OR LAW			
	COVERAGE A - COVERAGE FOR LOSS TO THE UNDAMAGED PORTION OF THE BUILDING	Included in 2. A. Building Limit		
	COVERAGE B - DEMOLITION COST COVERAGE	PER PR 0410		
	COVERAGE C - INCREASED COST OF CONSTRUCTION COVERAGE	PER PR 0410		
	COMBINED COVERAGE B and C	PER PR 0410		
	PR 0412 - ORDINANCE OR LAW			
	COVERAGE A, B AND C - COMBINED LIMIT OF INSURED	PER PR 0412		PER OCCURRENCE
	COVERAGE B - SUB-LIMIT OF INSURANCE DEMOLITION COST COVERAGE	PER PR 0412		PER OCCURRENCE
	COVERAGE C SUB-LIMIT OF INSURANCE - DEMOLITION COST COVERAGE - INCREASED COST OF CONSTRUCTION COVERAGE	PER PR 0412		PER OCCURRENCE
	COVERAGE B and C COMBINED SUB-LIMIT OF INSURANCE	PER PR 0412		PER OCCURRENCE
	CP 0417 - UTILITY SERVICES DIRECT DAMAGE			
	WATER SUPPLY, COMMUNICATION SUPPLY AND POWER SUPPLY (NOT INCLUDING OVERHEAD TRANSMISSION LINES)		\$	PER OCCURRENCE
	WATER SUPPLY, COMMUNICATION SUPPLY AND POWER SUPPLY (INCLUDING OVERHEAD TRANSMISSION LINES)		\$	PER OCCURRENCE

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)

"X" in this column means the coverage applies.	COVERAGE	LIMIT OF INSURANCE	SUB-LIMIT OF INSURANCE	PER OCCURRENCE, ANNUAL AGGREGATE, OR OTHER
	CP 0418 - CONDOMINIUM COMMERCIAL UNIT - OWNERS OPTIONAL COVERAGE			
	LOSS ASSESSMENT	\$		PER OCCURRENCE
	SUB-LIMIT ON LOSS ASSESSMENT RESULTING FROM CONDOMINIUM ASSOCIATION DEDUCTIBLE (IF SUB-LIMIT IS OTHER THAN \$1,000)		\$	PER OCCURRENCE
	MISCELLANEOUS REAL PROPERTY	\$		PER OCCURRENCE
	CP 0440 - SPOILAGE COVERAGE - BREAKDOWN OR CONTAMINATION AND POWER OUTAGE		\$	PER OCCURRENCE
	SELLING PRICE APPLIES		PER CP 0440	PER CP 0440
	REFRIGERATION MAINTENANCE AGREEMENT APPLIES		PER CP 0440	PER CP 0440
	CP 1038 - DISCHARGE FROM SEWER, DRAIN OR SUMP (NOT FLOOD-RELATED)			
	DISCHARGE LIMIT (PROPERTY DAMAGE) - ANNUAL AGGREGATE LIMITATION DOES NOT APPLY		\$	PER OCCURRENCE
	DISCHARGE LIMIT (PROPERTY DAMAGE) - ANNUAL AGGREGATE LIMITATION APPLIES		\$	ANNUAL AGGREGATE
	PR 0401 - WATER UNDER THE GROUND SURFACE (NOT FLOOD-RELATED)			
	PRESSURE, FLOW, SEEPAGE (PROPERTY DAMAGE) - ANNUAL AGGREGATE LIMITATION DOES NOT APPLY		\$	PER OCCURRENCE
	PRESSURE, FLOW, SEEPAGE (PROPERTY DAMAGE) - ANNUAL AGGREGATE LIMITATION APPLIES		\$	ANNUAL AGGREGATE
	PER APPLICABLE BUSINESS INCOME FORM			
	MAXIMUM PERIOD OF INDEMNITY - 120 DAYS	Included in 2. A. Business Income Limit		PER OCCURRENCE
	MONTHLY PERIOD OF INDEMNITY - 1/3	Included in 2. A. Business Income Limit		PER OCCURRENCE
	MONTHLY PERIOD OF INDEMNITY - 1/4	Included in 2. A. Business Income Limit		PER OCCURRENCE
	MONTHLY PERIOD OF INDEMNITY - 1/6	Included in 2. A. Business Income Limit		PER OCCURRENCE
	MONTHLY PERIOD OF INDEMNITY - 1/12	Included in 2. A. Business Income Limit		PER OCCURRENCE
	BUSINESS INCOME AGREED VALUE	Included in 2. A. Business Income Limit		PER OCCURRENCE
	EXTENDED PERIOD OF INDEMNITY - 180 DAYS	Included in 2. A. Business Income Limit		PER OCCURRENCE
	PREB2 - EQUIPMENT BREAKDOWN			
	BUSINESS INTERRUPTION	Included in 2. A. Business Income Limit		PER OCCURRENCE
	BUSINESS INCOME		PER PREB1	PER OCCURRENCE
	EXTRA EXPENSE		PER PREB1	PER OCCURRENCE
	SERVICE INTERRUPTION		PER PREB1	PER OCCURRENCE

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)

"X" in this column means the coverage applies.	COVERAGE	LIMIT OF INSURANCE	SUB-LIMIT OF INSURANCE	PER OCCURRENCE, ANNUAL AGGREGATE, OR OTHER
	CP1038 - DISCHARGE FROM SEWER, DRAIN OR SUMP (NOT FLOOD-RELATED)			
	DISCHARGE LIMIT (BUSINESS INTERRUPTION) - ANNUAL AGGREGATE LIMITATION DOES NOT APPLY		\$	PER OCCURRENCE
	DISCHARGE LIMIT (BUSINESS INTERRUPTION) - ANNUAL AGGREGATE LIMITATION APPLIES		\$	ANNUAL AGGREGATE
	PR 0401 - WATER UNDER THE GROUND SURFACE (NOT FLOOD-RELATED)			
	PRESSURE, FLOW, SEEPAGE (BUSINESS INTERRUPTION) - ANNUAL AGGREGATE LIMITATION DOES NOT APPLY		\$	PER OCCURRENCE
	PRESSURE, FLOW, SEEPAGE (BUSINESS INTERRUPTION) - ANNUAL AGGREGATE LIMITATION APPLIES		\$	ANNUAL AGGREGATE
	PR1501 - OBSTRUCTION OF ACCESS	Included in 2. A. Business Income Limit		PER OCCURRENCE
	CP 1508 - BUSINESS INCOME FROM DEPENDENT PROPERTIES - BROAD FORM - CONTRIBUTING, RECIPIENT, MANUFACTURING AND LEADER LOCATIONS		\$	PER OCCURRENCE
	NOT INCLUDING SECONDARY CONTRIBUTING AND RECIPIENT LOCATIONS		PER CP 1508	PER CP 1508
	INCLUDING SECONDARY CONTRIBUTING AND RECIPIENT LOCATIONS		PER CP 1508	PER CP 1508
	CP 1531 - ORDINANCE OR LAW - INCREASED PERIOD OF RESTORATION	Included in 2. A. Business Income Limit		PER CP 1531
	CP 1532 - CIVIL AUTHORITY	Included in 2. A. Business Income Limit		PER CP 1532
	CP 1545 - UTILITY SERVICES TIME ELEMENT	Included in 2. A. Business Income Limit		PER OCCURRENCE
	WATER SUPPLY, COMMUNICATION SUPPLY AND POWER SUPPLY (NOT INCLUDING OVERHEAD TRANSMISSION LINES)		\$	PER OCCURRENCE
	WATER SUPPLY, COMMUNICATION SUPPLY AND POWER SUPPLY (INCLUDING OVERHEAD TRANSMISSION LINES)		\$	PER OCCURRENCE

IF THE PRIMARY PROVISIONS ENDORSEMENT IS PART OF THIS COVERAGE PART, COVERAGES PROVIDED AND LIMITS OF INSURANCE AND/OR SUB-LIMITS OF INSURANCE ARE PRIMARY. IF THE CONTRIBUTING INSURANCE ENDORSEMENT IS PART OF THIS COVERAGE PART, COVERAGES, LIMITS OF INSURANCE AND SUB-LIMITS OF INSURANCE ARE CONTRIBUTING PER ITEM 5. OF THESE DECLARATIONS.

ITEM 3. OPTIONAL COVERAGES - INSURANCE AT THE DESCRIBED PREMISES APPLIES ONLY WHEN ENTRIES ARE SHOWN IN THE SCHEDULE BELOW (# OR TEXT FOR PREMISES NO. AND BUILDING NO., X FOR COVERAGE, \$ OR % OR X OPTIONAL COVERAGES).

PREM. NO.	BLDG. NO.	BLDG.	BUSINESS PERSONAL PROPERTY	AGREED VALUE	INFLATION GUARD	REPLACE-MENT COST	REPLACE-MENT COST INCLUDING STOCK	EXTENSION OF REPLACEMENT COST TO PROPERTY OF OTHERS	FUNCTIONAL BUILDING VALUATION
ALL	ALL	X			%	X			
					%				

* AGREED VALUE, IF CHECKED, IS INCLUDED IN 2. A. LIMIT ON PAGE 1 OF DECLARATIONS

**FUNCTIONAL BUILDING VALUATION, IF CHECKED, IS INCLUDED IN 2. A. LIMIT ON PAGE 1 OF DECLARATIONS

COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS (continued)

ITEM 4. DEDUCTIBLE - DEDUCTIBLES AT THE DESCRIBED PREMISES APPLY ONLY WHEN ENTRIES ARE MADE IN THE SCHEDULE BELOW (X FOR COVERAGE, AND \$, % OR # FOR DEDUCTIBLE).

"X" in this column means the coverage deductible(s) apply.	COVERAGE	DOLLAR OR PERCENTAGE DEDUCTIBLE PER OCCURRENCE	MINIMUM DEDUCTIBLE PER OCCURRENCE
X	BUILDING	\$50,000	
	BUSINESS PERSONAL PROPERTY	\$	
	BUILDING AND BUSINESS PERSONAL PROPERTY	\$	
	EQUIPMENT BREAKDOWN COVERAGE	\$	
	WILDFIRE AND WILDFIRE SMOKE DEDUCTIBLES		
	WILDFIRE DEDUCTIBLE	\$	
	WILDFIRE SMOKE DEDUCTIBLE	\$	
	WINDSTORM OR HAIL	%	\$
	NAMED STORM	%	\$
	ALL OTHER WINDSTORM OR HAIL THAT IS NOT A NAMED STORM	%	\$
	EARTHQUAKE	%	\$
	EARTHQUAKE SPRINKLER LEAKAGE	%	\$
	EARTH MOVEMENT	%	\$
	FLOOD	%	\$
		%	\$
		%	\$
		%	\$
		%	\$
		%	\$

ITEM 5. CONTRIBUTING INSURANCE

IF THE CONTRIBUTING INSURANCE ENDORSEMENT IS PART OF THIS COVERAGE PART, COVERAGES, LIMITS OF INSURANCE AND SUB-LIMITS OF INSURANCE ARE CONTRIBUTING AS FOLLOWS:

A.	OUR PERCENTAGE	%
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ITEM 6. FORMS AND ENDORSEMENTS

ALL FORMS AND ENDORSEMENTS APPLYING TO THIS COVERAGE PART AND MADE PART OF THIS POLICY AT TIME OF ISSUE -
SEE SCHEDULE OF FORMS AND ENDORSEMENTS

INFORMATION REQUIRED TO COMPLETE THE COMMERCIAL PROPERTY COVERAGE PART DECLARATIONS, IF NOT SHOWN ABOVE, WILL BE SHOWN ON THE APPLICABLE SCHEDULE OR ON THE SCHEDULE ON FILE WITH COMPANY.

This Endorsement Modifies Your Policy
(Effective At Inception Unless Another Date Shown Below)

EXCLUSION OF CHEMICAL AND BIOLOGICAL LOSS OR DAMAGE

This endorsement modifies insurance provided under the following:

Commercial Property Coverage Part
Standard Property Policy
Commercial Inland Marine Coverage Part
Contractors Equipment Coverage Part

The following exclusion is added:

CHEMICAL AND BIOLOGICAL LOSS OR DAMAGE

We will not pay for loss or damage caused directly or indirectly by the dispersal or application of pathogenic or poisonous biological or chemical material.

But if the dispersal or application of pathogenic or poisonous biological or chemical material results in fire, we will pay for the loss or damage caused by that fire.

(Complete this section if endorsement is added after policy is issued.)		
_____ Policy Number	_____ Endorsement Number	_____ Endorsement Effective Date
_____ Signature of Authorized Representative		_____ Producer Number

WW425 (02/08)

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

ASBESTOS EXCLUSION

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE
CAUSES OF LOSS - BASIC
CAUSES OF LOSS - BROAD
CAUSES OF LOSS - SPECIAL

A. The following exclusion, **Asbestos**, is added to **B. Exclusions, Paragraph 1.** of the above **CAUSES OF LOSS** forms:

1. We will not pay for loss or damage caused directly or indirectly by any the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

Asbestos

- a. Loss or damage caused directly or indirectly by the actual or alleged presence of "asbestos";
- b. The increased costs incurred by the actual or alleged presence of "asbestos"; or
- c. Costs or expenses incurred as a result of required actions to test, monitor, detoxify or clean up in any way any building, facility, structure, premises, location or any other real or personal property or any natural environment because of the actual or alleged presence of "asbestos".

B. The following **definition** is added to Paragraph **H. Definitions** of the **BUILDING AND PERSONAL PROPERTY COVERAGE** form:

"Asbestos" means the mineral asbestos, but also includes asbestos fibers, asbestos materials, and asbestos products, or any goods or products containing asbestos or asbestos fibers, materials, or products.

COMMERCIAL PROPERTY
CP 00 10 06 07

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the Company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H., Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2., Property Not Covered, if a Limit of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;

- (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises, consisting of the following unless otherwise specified in the Declarations or on the Your Business Personal Property - Separation Of Coverage form:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns;
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of pre-packaged software;

o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;

p. Vehicles or self-propelled machines (including aircraft or watercraft) that:

- (1) Are licensed for use on public roads; or
- (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;
- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
- (c) Rowboats or canoes out of water at the described premises; or
- (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers;

q. The following property while outside of buildings:

- (1) Grain, hay, straw or other crops;
- (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than "stock" of trees, shrubs or plants), all except as provided in the Coverage Extensions.

3. Covered Causes Of Loss

See applicable Causes Of Loss Form as shown in the Declarations.

4. Additional Coverages

a. Debris Removal

- (1) Subject to Paragraphs (3) and (4), we will pay your expense to remove debris of Covered Property caused by or resulting from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
- (2) Debris Removal does not apply to costs to:
 - (a) Extract "pollutants" from land or water; or
 - (b) Remove, restore or replace polluted land or water.
- (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.
- (4) We will pay up to an additional \$10,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:

(a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.

(b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) apply, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$10,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

EXAMPLE #1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

EXAMPLE #2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense:	\$ 30,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 10,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: $\$80,000 (\$79,500 + \$500) \times .25 = \$20,000$; capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$30,000) exceeds 25% of the loss payable plus the deductible (\$30,000 is 37.5% of \$80,000), and because the sum of the loss payable and debris removal expense ($\$79,500 + \$30,000 = \$109,500$) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$10,000, the maximum payable under Paragraph (4). Thus the total payable for debris removal expense in this example is \$20,500; \$9,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000, unless a higher limit is shown in the Declarations, for your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with enforcement of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises, and is in force at the time of loss.

(4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:

- (a) You were required to comply with before the loss, even when the building was undamaged; and
- (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of an ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of: \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced, at the same or another premises; and

(ii) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.

(c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.

(8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion, to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.

(9) The costs addressed in the Loss Payment and Valuation Conditions, and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.

f. Electronic Data

(1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data.

(2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.

(3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:

- (a) If the Causes Of Loss - Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
 - (b) If the Causes Of Loss - Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss Form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:
 - (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions;
 - (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations; or
 - (iii) Business personal property that you newly acquire, located at the described premises.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

(b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance on or at each newly acquired or constructed property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss - Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form, and Collapse as set forth in that form.
- (3) If the Causes Of Loss - Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist), and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and therefore coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.

(2) This Extension does not apply to property:

- (a) In or on a vehicle; or
- (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.

(3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than "stock" of trees, shrubs or plants), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

f. Non-owned Detached Trailers

(1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:

- (a) The trailer is used in your business;
- (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
- (c) You have a contractual responsibility to pay for loss or damage to the trailer.

(2) We will not pay for any loss or damage that occurs:

- (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
- (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.

(3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.

(4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss Form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) of Insurance shown in the Declarations for any other coverage:

- 1. Fire Department Service Charge;
- 2. Pollutant Clean-up And Removal;
- 3. Increased Cost Of Construction; and
- 4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (herein-after referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss, and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

EXAMPLE #1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance - Building #1:	\$ 60,000
Limit of Insurance - Building #2:	\$ 80,000
Loss to Building #1:	\$ 60,100
Loss to Building #2:	\$ 90,000

The amount of loss to Building #1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building #1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building #1:

\$ 60,100

- 250

\$ 59,850 Loss Payable - Building #1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building #2. Loss payable for Building #2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

\$59,850 + \$80,000 = \$139,850

EXAMPLE #2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example #1.

Loss to Building #1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building #2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable - Building #1:	\$ 60,000
(Limit of Insurance)	
Loss Payable - Building #2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
- (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.

- (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

4. Loss Payment

a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:

- (1) Pay the value of lost or damaged property;
- (2) Pay the cost of repairing or replacing the lost or damaged property, subject to **b.** below;
- (3) Take all or any part of the property at an agreed or appraised value; or
- (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to **b.** below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.

- b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.
- c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
- d. We will not pay you more than your financial interest in the Covered Property.
- e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
- f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
- g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in **(1)(a)** and **(1)(b)** below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sub-lessee and used by the lessee or sub-lessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in **b.(1)(a)** through **b.(1)(f)** above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in **b.**, **c.**, **d.** and **e.** below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.
- If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
- (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions.

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies.

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

EXAMPLE #1 (UNDERINSURANCE)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$

(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 / \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

EXAMPLE #2 (ADEQUATE INSURANCE)

When: The value of the property is: \$ 250,000
 The Coinsurance percentage for it is: 80%
 The Limit of Insurance for it is: \$ 200,000
 The Deductible is: \$ 250
 The amount of loss is: \$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$250,000 x 80%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

EXAMPLE #3

When: The value of the property is:
 Building at Location #1: \$ 75,000
 Building at Location #2: \$ 100,000
 Personal Property at Location #2: \$ 75,000
 \$ 250,000
 The Coinsurance percentage for it is: 90%
 The Limit of Insurance for Buildings and Personal Property at Locations #1 and #2 is: \$ 180,000
 The Deductible is: \$ 1,000
 The amount of loss is:
 Building at Location #2: \$ 30,000
 Personal Property at Location #2: \$ 20,000
 \$ 50,000

Step (1): $\$250,000 \times 90\% = \$225,000$
 (the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 / \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- a. The term mortgageholder includes trustee.
- b. We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- c. The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- d. If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:

(1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

(2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

(3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

(1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

(2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

(1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

(2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.
- b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.
- c. The terms of this Optional Coverage apply only to loss or damage that occurs:
 - (1) On or after the effective date of this Optional Coverage; and
 - (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

- a. The Limit of Insurance for property to which this Optional Coverage applied will automatically increase by the annual percentage shown in the Declarations.
- b. The amount of increase will be:
 - (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
 - (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
 - (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

EXAMPLE

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 / 365 = \$ 3,200$

3. Replacement Cost

- a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.
- b. This Optional Coverage does not apply to:
 - (1) Personal property of others;
 - (2) Contents of a residence;
 - (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or
 - (4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

- c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.
- d. We will not pay on a replacement cost basis for any loss or damage:
 - (1) Until the lost or damaged property is actually repaired or replaced; and
 - (2) Unless the repairs or replacement are made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

- (3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and
 - (4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.
- e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:
- (1) The Limit of Insurance applicable to the lost or damaged property;
 - (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
 - (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.
- If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.
- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

- 1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
- 2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
- 3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

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COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits Of Insurance of all insurance covering on the same basis.
2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

I. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHERS TO US

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

COMMERCIAL PROPERTY

CP 01 40 07 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY

- A.** The exclusion set forth in Paragraph **B.** applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B.** We will not pay for loss or damage caused by or resulting from any virus, bacterium or other microorganism that induces or is capable of inducing physical distress, illness or disease.

However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C.** With respect to any loss or damage subject to the exclusion in Paragraph **B.**, such exclusion supercedes any exclusion relating to "pollutants".
- D.** The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1.** Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2.** Additional Coverage - Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E.** The terms of the exclusion in Paragraph **B.**, or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

POLICY NUMBER: **026710169**

COMMERCIAL PROPERTY

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**VACANCY PERMIT**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
 CONDOMINIUM ASSOCIATION COVERAGE FORM
 CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
 STANDARD PROPERTY POLICY

SCHEDULE

Prem. No.	Bldg. No.	<u>Excepted Causes of Loss</u>		<u>Permit Period</u>	
		Vandalism	Sprinkler Leakage	From	To
All	All			6/28/2021	6/28/2022

A. The VACANCY Loss Condition does not apply to direct physical loss or damage:

1. At the locations; and
2. During the Permit Period;
shown in the Schedule or in the Declaration.

B. This Vacancy Permit does not apply to the Excepted Causes of Loss indicated in the Declarations or by an "X" in the Schedule.

COMMERCIAL PROPERTY

CP 10 30 06 07

CAUSES OF LOSS - SPECIAL FORM

Words and phrases that appear in quotation marks have special meaning. Refer to Section **G.**, Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means Risks Of Direct Physical Loss unless the loss is:

1. Excluded in Section **B.**, Exclusions; or
2. Limited in Section **C.**, Limitations;

that follow.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b.(1)** through **(4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

All volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or
- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves, tides, tidal waves, overflow of any body of water, or their spray, all whether driven by wind or not;
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows from a sewer, drain or sump; or
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or
 - (c) Doors, windows or other openings.

But if Water, as described in **g.(1)** through **g.(4)** above, results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage.

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

1. When "fungus", wet or dry rot or bacteria results from fire or lightning; or
2. To the extent that coverage is provided in the Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions **B.1.a.** through **B.1.h.** apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:
 - a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:
 - (1) Electrical or electronic wire, device, appliance, system or network; or
 - (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or micro-waves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d. (1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;
- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.
- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.
- (7) The following causes of loss to personal property:
 - (a) Dampness or dryness of atmosphere;
 - (b) Changes in or extremes of temperature; or
 - (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.

g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:

- (1) You do your best to maintain heat in the building or structure; or
- (2) You drain the equipment and shut off the supply if the heat is not maintained.

h. Dishonest or criminal act by you, any of your partners, members, officers, managers, employees (including leased employees), directors, trustees, authorized representatives or anyone to whom you entrust the property for any purpose:

- (1) Acting alone or in collusion with others; or
- (2) Whether or not occurring during the hours of employment.

This exclusion does not apply to acts of destruction by your employees (including leased employees); but theft by employees (including leased employees) is not covered.

i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

j. Rain, snow, ice or sleet to personal property in the open.

k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage - Collapse; or
- (b) To collapse caused by one or more of the following:
 - (i) The "specified causes of loss";
 - (ii) Breakage of building glass;
 - (iii) Weight of rain that collects on a roof; or
 - (iv) Weight of people or personal property.

l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms.

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

(1) Any loss caused by or resulting from:

- (a) Damage or destruction of "finished stock"; or
- (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

(2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

(3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

(b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

(4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

(5) Any other consequential loss.

b. Leasehold Interest Coverage Form

(1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

(2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

(1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a., Ordinance Or Law;
- (b) Paragraph B.1.c., Governmental Action;
- (c) Paragraph B.1.d., Nuclear Hazard;
- (d) Paragraph B.1.e., Utility Services; and
- (e) Paragraph B.1.f., War And Military Action.

(2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property.

LOSS OR DAMAGE TO PRODUCTS

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

- a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.

- b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.

- c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

- (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

- (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

- (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or

- (2) Business Income Coverage or Extra Expense Coverage.

- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.

- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.

2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:

- a. Animals, and then only if they are killed or their destruction is made necessary.

- b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:

- (1) Glass; or

- (2) Containers of property held for sale.

- c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

- (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or

- (2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are:

- a. \$2,500 for furs, fur garments and garments trimmed with fur.

- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semi-precious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.

- c. \$2,500 for patterns, dies, molds and forms.

- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage - Collapse

The coverage provided under this Additional Coverage - Collapse applies only to an abrupt collapse as described and limited in **D.1.** through **D.7.**

1. For the purpose of this Additional Coverage - Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.
2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:
 - a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
 - b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
 - c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
 - d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:
 - (1) A cause of loss listed in **2.a.** or **2.b.**;
 - (2) One or more of the "specified causes of loss";
 - (3) Breakage of building glass;
 - (4) Weight of people or personal property; or
 - (5) Weight of rain that collects on a roof.

3. This **Additional Coverage - Collapse** does **not** apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;
- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in **2.a.** through **2.d.**, we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
- (2) The property is Covered Property under this Coverage Form.

5. If personal property abruptly falls down or caves in and such collapse is **not** the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:

- a. The collapse of personal property was caused by a cause of loss listed in **2.a.** through **2.d.**;
- b. The personal property which collapses is inside a building; and
- c. The property which collapses is not of a kind listed in **4.**, regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

6. This Additional Coverage - Collapse does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
7. This Additional Coverage - Collapse will not increase the Limits of Insurance provided in this Coverage Part.
8. The term Covered Cause of Loss includes the Additional Coverage - Collapse as described and limited in D.1. through D.7.

E. Additional Coverage - Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria is the result of one or more of the following causes that occurs during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence.
 - a. A "specified cause of loss" other than fire or lightning; or
 - b. Flood, if the Flood Coverage Endorsement applies to the affected premises.
2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:
 - a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
 - b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
 - c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continues to be present or active, or recurs, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria causes an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss Form or under the Additional Coverage - Collapse.
6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form.

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.
- b. Loss or damage must be caused by or result from one of the following causes of loss:
 - (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
 - (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
 - (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.
- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.
- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension, **F.3.**, does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.

b. Falling objects does not include loss or damage to:

- (1)** Personal property in the open; or
- (2)** The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CP 10 33 06 95

THEFT EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - SPECIAL FORM

The following is added to the EXCLUSIONS section:

We will not pay for loss or damage caused by or resulting from theft.

But we will pay for:

1. Loss or damage that occurs due to looting at the time and place of a riot or civil commotion; or
2. Building damage caused by the breaking in or exiting of burglars.

And if theft results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

POLICY NUMBER: **026710169**

COMMERCIAL PROPERTY

CP 10 55 06 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**VANDALISM EXCLUSION**

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BASIC FORM
 CAUSES OF LOSS - BROAD FORM
 CAUSES OF LOSS - SPECIAL FORM

SCHEDULE

Premises Number	Building Number
All	All
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

With respect to the location(s) indicated in the Schedule, the following provisions apply.

- A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

VANDALISM

Vandalism, meaning willful and malicious damage to, or destruction of, the described property.

But if vandalism results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- B.** Under **Additional Coverage - Collapse**, in the Causes Of Loss - Broad Form, Vandalism is deleted from Paragraph **2.a**.

- C.** In the Causes Of Loss - Special Form, Vandalism is deleted from the "specified causes of loss".

- D.** Under **Additional Coverage Extensions - Property In Transit**, in the Causes Of Loss - Special Form, Vandalism is deleted from Paragraph **b.(1)**.

POLICY NUMBER: **026710169**COMMERCIAL PROPERTY
CP 12 11 10 00**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****BURGLARY AND ROBBERY PROTECTIVE
SAFEGUARDS**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

SCHEDULE*

Premises No.	Building No.	Protective Safeguards Symbols Applicable
All	All	BR-4
Describe any "BR-4": All buildings/units must be locked and secured against illegal entry.		
*Information required to complete this Schedule, if not shown on this endorsement, will be shown in the Declarations.		

- A.** The following is added to the **Commercial Property Conditions**:

**BURGLARY AND ROBBERY PROTECTIVE
SAFEGUARDS**

1. As a condition of this insurance, you are required to maintain the protective devices and/or services listed in the Schedule above.
2. The protective safeguard(s) to which this endorsement applies are identified by the following symbols:
 - a. "BR-1" Automatic Burglary Alarm, protecting the entire building, that signals to:
 - (1) An outside central station; or
 - (2) A police station.
 - b. "BR-2" Automatic Burglary Alarm, protecting the entire building, that has a loud sounding gong or siren on the outside of the building.

- c. "BR-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.

- d. "BR-4" The protective safeguard described in the Schedule.

- B.** The following is added to the **Exclusions** section of the Causes Of Loss - Special Form:

**BURGLARY AND ROBBERY PROTECTIVE
SAFEGUARDS**

We will not pay for loss or damage caused by or resulting from theft if, prior to the theft, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or
2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

IL 09 35 07 02

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES

This endorsement modifies insurance provided under the following:

COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
STANDARD PROPERTY POLICY

A. We will not pay for loss ("loss") or damage caused directly or indirectly by the following. Such loss ("loss") or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss ("loss") or damage.

1. The failure, malfunction or inadequacy of:

a. Any of the following, whether belonging to any insured or to others:

- (1)** Computer hardware, including micro-processors;
- (2)** Computer application software;
- (3)** Computer operating systems and related software;
- (4)** Computer networks;
- (5)** Microprocessors (computer chips) not part of any computer system; or
- (6)** Any other computerized or electronic equipment or components; or

b. Any other products, and any services, data or functions that directly or indirectly use or rely upon, in any manner, any of the items listed in Paragraph **A.1.a.** of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept one or more dates or times. An example is the inability of computer software to recognize the year 2000.

2. Any advice, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by you or for you to determine, rectify or test for, any potential or actual problems described in Paragraph **A.1.** of this endorsement.

B. If an excluded Cause of Loss as described in Paragraph **A.** of this endorsement results:

1. In a Covered Cause of Loss under the Crime and Fidelity Coverage Part, the Commercial Inland Marine Coverage Part or the Standard Property Policy; or

2. Under the Commercial Property Coverage Part:

a. In a "Specified Cause of Loss", or in elevator collision resulting from mechanical breakdown, under the Causes of Loss - Special Form; or

b. In a Covered Cause of Loss under the Causes Of Loss - Basic Form or the Causes Of Loss - Broad Form;

we will pay only for the loss ("loss") or damage caused by such "Specified Cause of Loss", elevator collision, or Covered Cause of Loss.

C. We will not pay for repair, replacement or modification of any items in Paragraphs **A.1.a.** and **A.1.b.** of this endorsement to correct any deficiencies or change any features.

POLICY NUMBER: **026710169**

IL 09 53 01 15

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**EXCLUSION OF CERTIFIED ACTS OF TERRORISM**

This endorsement modifies insurance provided under the following:

BOILER AND MACHINERY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 STANDARD PROPERTY POLICY

SCHEDULE

The **Exception Covering Certain Fire Losses** (Paragraph C) applies to property located in the following state(s), if covered under the indicated Coverage Form, Coverage Part or Policy:

State(s)	Coverage Form, Coverage Part Or Policy
CA, GA, HI, IA, ME, MA, MO, NJ, NY, NC, OR, RI, WA, WV and WI.	
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.	

A. The following definition is added with respect to the provisions of this endorsement:

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act, to be an act of terrorism pursuant to such Act. The criteria contained in the Terrorism Risk Insurance Act for a "certified act of terrorism" include the following:

1. The act resulted in insured losses in excess of \$5 million in the aggregate, attributable to all types of insurance subject to the Terrorism Risk Insurance Act; and
2. The act is a violent act or an act that is dangerous to human life, property or infrastructure and is committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

B. The following exclusion is added:

CERTIFIED ACT OF TERRORISM EXCLUSION

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

C. Exception Covering Certain Fire Losses

The following exception to the exclusion in Paragraph B. applies only if indicated and as indicated in the Schedule of this endorsement.

If a "certified act of terrorism" results in fire, we will pay for the loss or damage caused by that fire. Such coverage for fire applies only to direct loss or damage by fire to Covered Property. Therefore, for example, the coverage does not apply to insurance provided under Business Income and/or Extra Expense coverage forms or endorsements which apply to those forms, or to the Legal Liability Coverage Form or the Leasehold Interest Coverage Form.

If aggregate insured losses attributable to terrorist acts certified under the Terrorism Risk Insurance Act exceed \$100 billion in a calendar year and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of the Treasury.

D. Application Of Other Exclusions

The terms and limitations of any terrorism exclusion, or the inapplicability or omission of a terrorism exclusion, do not serve to create coverage for any loss which would otherwise be excluded under this Coverage Part or Policy, such as losses excluded by the Nuclear Hazard Exclusion or the War And Military Action Exclusion.

IL P 001 01 04

U.S. TREASURY DEPARTMENT'S OFFICE OF FOREIGN ASSETS CONTROL ("OFAC") ADVISORY NOTICE TO POLICYHOLDERS

No coverage is provided by this Policyholder Notice nor can it be construed to replace any provisions of your policy. You should read your policy and review your Declarations page for complete information on the coverages you are provided.

This Notice provides information concerning possible impact on your insurance coverage due to directives issued by OFAC. **Please read this Notice carefully.**

The Office of Foreign Assets Control (OFAC) administers and enforces sanctions policy, based on Presidential declarations of "national emergency". OFAC has identified and listed numerous:

- Foreign agents;
- Front organizations;
- Terrorists;
- Terrorist organizations; and
- Narcotics traffickers;

as "Specially Designated Nationals and Blocked Persons". This list can be located on the United States Treasury's web site – <http://www.treas.gov/ofac>.

In accordance with OFAC regulations, if it is determined that you or any other insured, or any person or entity claiming the benefits of this insurance has violated U.S. sanctions law or is a Specially Designated National and Blocked Person, as identified by OFAC, this insurance will be considered a blocked or frozen contract and all provisions of this insurance are immediately subject to OFAC. When an insurance policy is considered to be such a blocked or frozen contract, no payments nor premium refunds may be made without authorization from OFAC. Other limitations on the premiums and payments also apply.

IL P 001 01 04

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Page 1 of 1

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

WATER EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number
All	All

SCHEDULE (continued)

Premises Number	Building Number

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

A. The following replaces Exclusion **B. 1. g. Water** under the CAUSES OF LOSS FORMS and the STANDARD PROPERTY POLICY:

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not; or

(c) Doors, windows or other openings; or

- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

EARTH MOVEMENT EXCLUSION

This endorsement modifies insurance provided under the following:

CAUSES OF LOSS - BASIC FORM
CAUSES OF LOSS - BROAD FORM
CAUSES OF LOSS - SPECIAL FORM
STANDARD PROPERTY POLICY

SCHEDULE

Premises Number	Building Number
All	All

SCHEDULE (continued)

Premises Number	Building Number

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

With respect to the location(s) indicated in the Schedule, the following provisions apply.

A. The following replaces Exclusion **B.**
1. b. Earth Movement under the CAUSES OF LOSS FORMS and the STANDARD PROPERTY POLICY:

b. Earth Movement

- (1)** Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2)** Landslide, including any earth sinking, rising or shifting related to such event;
- (3)** Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4)** Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in **b. (1) through (4)** above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5)** Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a)** Airborne volcanic blast or airborne shock waves;
- (b)** Ash, dust or particulate matter; or
- (c)** Lava flow.

With respect to coverage for Volcanic Action as set forth in **(5) (a)**, **(5) (b)** and **(5) (c)**, all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs **(1)** through **(5)**, is caused by an act of nature or is otherwise caused.

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

ALUMINUM WIRING EXCLUSION

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM
STANDARD PROPERTY POLICY

The following Aluminum Wiring Exclusion is added:

Aluminum Wiring

We will not pay for loss or damage caused directly or indirectly in any way or to any extent, which arises out of or is related to the presence of aluminum wiring.

Such loss or damage is excluded from this policy regardless of any other cause or event that contributes concurrently or in any sequence to the loss or damage.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

PR 10 27 (09/20)

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

DEFINITION OF ACTUAL CASH VALUE ENDORSEMENT

This endorsement modifies insurance provided under the following:

DIFFERENCE IN CONDITIONS COVERAGE FORM
STANDARD PROPERTY POLICY

The following is added to any provision which uses the term actual cash value:

Actual cash value is calculated as the amount it would cost to repair or replace Covered Property, at the time of loss or damage, with material of like kind and quality, subject to a deduction for deterioration, depreciation and obsolescence. Actual cash value applies to valuation of Covered Property regardless of whether that property has sustained partial or total loss or damage.

The actual cash value of the lost or damaged property may be significantly less than its replacement cost.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

PRIOR LOSS

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM

r. is added under **A. Coverage, 2. Property Not Covered**, of BUILDING AND PERSONAL PROPERTY COVERAGE FORM CP 00 10 as follows:

- r. Property which was damaged prior to the inception date of this policy and which has not been completely repaired or replaced.

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

MINIMUM EARNED PREMIUM

The minimum earned premium for this policy will be 35% of the Total Advance Premium shown on the Common Policy Declarations, unless we cancel the policy.

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

PRIMARY INSURANCE PROVISIONS ENDORSEMENT

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART

A. Limits of Insurance

Limits of Insurance is deleted and replaced by the following:

Limits of Insurance

- 1.** The most we will pay for covered loss or damage, in any one "occurrence" is the applicable Limit of Insurance or Sublimit of Insurance, whichever is less, shown in:

- a.** The Declarations;
- b.** The provisions within the COMMERCIAL PROPERTY COVERAGE PART; or
- c.** Any endorsement which comprises a part of the COMMERCIAL PROPERTY COVERAGE PART.

Limits of Insurance under any Additional Coverage or Coverage Extension or increases to Limits of Insurance under any Optional Coverage are included within, not in addition to, any Limit of Insurance shown in the Declarations.

- 2.** Insurance is only provided for those coverages for which:

- a.** An entry is shown on the applicable line in the Declarations; and
- b.** A dollar amount is shown as a Limit of Insurance in the Declarations.

- 3. a.** If a coverage shown in the Declarations does not show a corresponding Limit of Insurance, then no insurance is provided for such coverage.

- b.** If "0", "N/A", or "not covered" appears as a Limit of Insurance in the Declarations for a described coverage, then no insurance is provided for such described coverage.

- c.** If the term "included" appears as a Limit of Insurance in the Declarations for a described coverage, then the Limit of Insurance for such coverage is included within, not in addition to, the applicable Limit of Insurance shown in the Declarations for Building, Business Personal Property, Business Income, or Extra Expense.

- 4.** The premium for this policy is based upon the Statement of Values and/or Application on file with the Company, or attached to this policy. In the event of a covered loss or damage, liability of the Company, subject to the terms of paragraphs **1.**, **2.** and **3.** above, shall be limited to the least of the following:

- a.** The actual adjusted amount of loss, less applicable deductible(s);
- b.** The stated value(s) for the location(s) involved, as shown on the latest Statement of Values and/or Application on file with the Company or attached to this policy, less applicable deductible(s); or

- c. The applicable Limit of Insurance or Sub-Limit of Insurance, whichever is less, shown in:

(1) The Declarations;

(2) The provisions within the COMMERCIAL PROPERTY COVERAGE PART; or

(3) Any endorsement that comprises a part of the COMMERCIAL PROPERTY COVERAGE PART.

B. Other Insurance

Commercial Property Condition **G. OTHER INSURANCE** of COMMERCIAL PROPERTY CONDITIONS CP 00 90 is deleted and replaced by the following:

G. OTHER INSURANCE

1. You have permission to purchase excess insurance over the Limit of Insurance shown in the Declarations.
2. The existence of such excess shall not prejudice this policy or reduce any Limit of Insurance under this policy.
3. If any other insurance, in addition to this Policy, is maintained within the same layer of a layered insurance program, then our share of the covered loss or damage is our proportionate share of all "contributing insurance" which insures such covered loss or damage within such layer.
4. Any Coinsurance provisions applicable to the COMMERCIAL PROPERTY COVERAGE PART do not apply to covered loss or damage sustained at location(s) shown in the Declarations.
5. If any salvage or recovery is received, subsequent to the payment of covered loss or damage at location(s) shown in the Declarations, then such payment for covered loss or damage shall be adjusted as if such salvage or recovery had been known at the time of loss or damage.
6. "Contributing insurance" means the combined total limits of insurance for all insurance companies participating along with this Policy in the same layer of a layered insurance program.

C. Occurrence

The following is added to **Definitions**:

"Occurrence" means any one loss, disaster, casualty or series of losses, disasters, or casualties, arising out of one event. When the term applies to loss or losses from the perils of tornado, cyclone, hurricane, windstorm, hail, flood, earthquake, earth movement, volcanic eruption, riot, riot attending a strike, civil commotion, and vandalism and malicious mischief, one event shall be construed to be all losses arising during a continuous period of 72 hours, contingent upon being covered perils under the policy. When filing proof of loss, the Insured may elect the moment at which the 72 hour period shall be deemed to have commenced, which shall not be earlier than when the first loss to the covered property occurs.

**This Endorsement Modifies Your Policy.
Please Read It Carefully.**

LIMITATIONS ON COVERAGE FOR ROOF SURFACING

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM

SCHEDULE

Premises Number	Building Number	Indicate Applicability (Paragraph A. and/or Paragraph B.)
All	All	Paragraph B
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following applies with respect to loss or damage by a Covered Cause of Loss (including wind and/or hail if covered) to a building or structure identified in the Schedule above as being subject to this Paragraph A.:

The following is added to **G. Optional Coverages**, subparagraph **b.** of **3. Replacement Cost** with respect to a building or structure identified in the Schedule:

(5) "Roof surfacing". Instead we will determine the value of the "roof surfacing" at actual cash value as of the time of loss or damage.

B. The following applies with respect to loss or damage by wind and/or hail to a building or structure identified in the Schedule above as being subject to this Paragraph B.:

We will not pay for "aesthetic impairment" to "roof surfacing" caused by wind and/or hail.

C. Definitions

1. For the purposes of Paragraph B.:

a. "Aesthetic impairment" means physical harm resulting from an otherwise covered loss. "Aesthetic impairment" is not "damage" but is physical harm that disfigures covered property.

b. "Damage" means physical harm to covered property that substantially reduces its ability to function. "Damage" does not include physical harm that changes the appearance of property but does not substantially reduce the service, usefulness, or utility of such property.

2. For the purposes of Paragraphs A. and B.:

"Roof surfacing" refers to the roof mounted ventilators, air ducts, air conditioning and heating equipment, shingles, tiles, cladding, metal or synthetic sheeting or similar materials covering the roof and includes all materials used in securing the roof surface and all materials applied to or under the roof surface for moisture protection, as well as roof flashing.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED.

EXHIBIT B



VIA CERTIFIED MAIL, RETURN RECEIPT REQUESTED

January 7, 2022

Mr. Scotty Epperson
520 W. Summit Hill Dr.
Ste. 1201
Knoxville, TN 37902

Re: Insured:	The Langley Companies / F.R. Langley
Claim no.:	9298819535US
Loss Location:	5051 Estecreek Drive Cincinnati, OH 45232
Policy:	Lexington Insurance Company No. 026710169
Date of Loss:	09/17/2021

Dear Mr. Epperson:

I am a General Adjuster with the Property Claims Department of AIG Claims, Inc., which is authorized to handle the referenced matter on behalf of Lexington Insurance Company. I am writing in response to the request of The Langley Companies / F.R. Langley for coverage under Lexington Insurance Company policy number 26710169 in connection the referenced claim, which involves water damage to the building located at 5051 Estecreek Drive, Cincinnati, OH. It is Lexington's understanding that the water source was determined to be three sprinkler heads on three separate floors that discharged water by vandalism at the referenced location. For the reasons stated below, please be advised that Lexington Insurance Company respectfully disclaims coverage for this claim.

Our understanding of the facts of this loss is on September 17, 2021, water damage was reported at 5051 Estecreek Drive, Cincinnati, OH. due to an unknown source. The building is currently vacant, and the date of the last routine inspection is unknown. It was reported by Brady Nease that the water was shut off to the building on May 31, 2021.



Lexington retained building consultant Brian Woodward, Director, JS Held to make a site visit on our behalf on September 24, 2021. Since the water damage and mold was so extensive, a limited investigation was performed consisting of visual observation that include signs of forced entry, spray-paint on the walls, broken windows and numerous fire extinguishers emptied. Photographic documentation was also conducted.

Lexington also retained Syed Rizvi, Sr. Managing Consultant Environmental Services, Young & Associates to investigate the interiors of the building, identify the potential source(s) of damage and to measure the extent of the mold. This visit was conducted on October 4, 2021 along with Brian Woodward, JS Held, Paul Plattner, Managing Director, Colliers International and Jeff Hopkins, Maintenance Technician, Colliers International. Mr. Rizvi noted extensive amount of water damage combined with microbial growth was observed within all three floors of the building, water damage impacts on the building interiors included ceiling tiles, carpeting, furniture, contents, wallpaper, and drywall walls. The water was temporarily turned on and three fire suppression sprinklers were actively discharging water. He could not observe the water sprinklers closely, but it appeared likely that the sprinkler damage and discharge was caused by vandalism. Mr. Rizvi noted evidence of long-term water impacts including corrosion of various metal fixtures, surfaces and noted evidence of wood rot which is normally an indication of long-term water impact.

Next, Michael Mathews, Forensic Mechanical Engineer, EFI Global conducted a site visit on October 11, 2021 with Brian Woodward to determine the cause of the sprinkler heads activation. His analysis of available evidence concluded all 3 sprinkler heads inspection showed significant evidence of an extended discharge period. All 3 sprinkler heads observed showed varying levels of deformation and damage to the deflector and bottom areas of the sprinkler heads. The observed areas of damage to the sprinkler heads were consistent with a targeted and purposeful impact of an object in motion. The evidence of the intentional striking of the sprinklers combined with the other signs of vandalism lead us to the conclusion that the sprinklers were damaged by vandalism.



While we refer you to the complete copy of your policy, your policy states in part:

Lexington Insurance Company Policy no. 026710169

COMMERCIAL PROPERTY CP 00 10 06 07
BUILDING AND PERSONAL PROPERTY COVERAGE FORM

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage.
Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.



A. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated.

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.

c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:

(1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or

(2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.

**CP 10 55 06 07
VANDALISM EXCLUSION**

With respect to the location(s) indicated in the Schedule, the following provisions apply.

A. The following is added to the Exclusions section and is therefore not a Covered Cause of Loss: VANDALISM, meaning willful and malicious



damage to, or destruction of, the described property. But if vandalism results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- B. Under Additional Coverage - Collapse, in the Causes Of Loss - Broad Form, Vandalism is deleted from Paragraph 2.a.
- C. In the Causes Of Loss - Special Form, Vandalism is deleted from the "specified causes of loss".
- D. Under Additional Coverage Extensions - Property In Transit, in the Causes Of Loss - Special Form, Vandalism is deleted from Paragraph b.(1).

**CP 04 50 07 88
VACANCY PERMIT**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
CONDOMINIUM COMMERCIAL UNIT-OWNERS COVERAGE FORM
STANDARD PROPERTY POLICY

SCHEDULE

Prem. No.	Bldg. No.	<u>Excepted Causes of Loss</u>	<u>Permit Period</u>
		Vandalism Sprinkler Leakage	From To
All	All		6/28/2021 6-28-2022

- A. The VACANCY Loss Condition does not apply to direct physical loss or damage:

- 1. At the locations; and
- 2. During the Permit Period; shown in the Schedule or in the Declaration.

- B. This Vacancy Permit does not apply to the Excepted Causes of Loss indicated in the Declarations or by an "X" in the Schedule.



Based on Envista's conclusion that the loss was a result of "damage to the sprinkler heads were consistent with a targeted and purposeful impact of an object in motion" and the above cited policy language, we must respectfully advise you that there is no coverage for the above captioned loss.

If you have any information that you believe would alter our coverage position concerning this matter, please forward it to us for further evaluation. We will review that information without prejudice to this denial, which denial remains effective unless we notify you in writing of a change in our position. This letter is not, and should not be construed as, a waiver of any terms, conditions, exclusions or other provisions of the policy, or any other policies of insurance issued by Lexington Insurance Company.

Lexington Insurance Company expressly reserves all of its rights under the policy, including the right to amend the above disclaimer to include any additional grounds for disclaimer of coverage, including but not limited to those set forth above. All rights are reserved.

Very truly yours,

David S. Rademacher

David S. Rademacher

Cc: Kathy Southers
ksouthers@shaferinsurance.com

Aerial Parker
aparker@brcins.com



EXHIBIT C



Anthony M. Verticchio

D: 513.639.3878

averticchio@kmklaw.com

March 22, 2022

VIA EMAIL: (DAVID.RADEMACHER@AIG.COM)

David S. Rademacher
General Adjuster, Property Claims Dept.
AIG Claims, Inc.

Re: AIG Claim No. 9298819535US

Mr. Rademacher:

I write on behalf of my client and your insured, The Langley Companies / F.R. Langley ("Langley"), regarding the above-referenced claim (the "Claim") made under the Lexington Insurance Company policy issued to Langley (Policy no. 026710169 (the "Policy")). In a letter dated January 7, 2022, Lexington denied coverage for the Claim, primarily citing the Policy's Vandalism Exclusion and referring to its Vacancy Permit.¹ The cited language does not justify Lexington's attempt to avoid providing coverage for Langley's loss.

As you are aware, the Policy is an all-risks insurance contract. All-risks policies cover every type of damage or loss unless specifically excluded. *TMW Ents. v. Fed. Ins. Co.*, 619 F.3d 574, 576-77 (6th Cir. 2010). "[R]ecovery under an all-risk policy will be allowed for all fortuitous losses not resulting from misconduct or fraud, unless the policy contains a specific provision expressly excluding the loss from coverage." *Essex House v. St. Paul Fire & Marine Ins. Co.*, 404 F. Supp. 978, 993 (S.D. Ohio 1975) (citing *C. H. Leavell & Co. v. Fireman's Fund Ins. Co.*, 372 F.2d 784 (9th Cir. 1967)).

Further, the Policy must be liberally construed in favor of Langley. *Bright v. Ohio Cas. Ins. Co.*, 444 F.2d 1341, 1343 (6th Cir. 1971) ("It is axiomatic that an insurance policy prepared by the insurer must be liberally construed in favor of the insured.") Lexington bears the burden of proving that an exclusion applies and any ambiguity as to an exclusion must be resolved in favor of coverage:

There is a general presumption under Ohio law that what is not clearly excluded from coverage is included. That is, "an exclusion from liability must be clear and

¹ It is unclear from your letter how the "Duties In The Event Of Loss Or Damage" section and Limitation (1)(c) may apply to preclude coverage for the Claim. If Lexington's coverage denial is based in any part upon this language, please clarify how the language justifies the denial.

Keating Muething & Klekamp PLL

Attorneys at Law

One East Fourth Street | Suite 1400 | Cincinnati, Ohio 45202

P: 513.579.6400 | F: 513.579.6457 | kmklaw.com

David S. Rademacher
 March 22, 2022
 Page 2

exact in order to be given effect.” If an exclusion is ambiguous, it is construed in favor of affording coverage to the insured. The insurer bears the burden of proving the applicability of an exclusion in its policy.

Retail Ventures, Inc. v. Nat’l Union Fire Ins. Co., 691 F.3d 821, 832 (6th Cir. 2012) (citations omitted). “In order to defeat coverage, the insurer must establish not merely that the policy is capable of the construction it favors, but rather that such an interpretation is the only one that can fairly be placed on the language in question.” *HoneyBaked Foods, Inc. v. Affiliated FM Ins. Co.*, 757 F. Supp. 2d 738, 744 (N.D. Ohio 2010) (citing *Andersen v. Highland House Co.*, 93 Ohio St. 3d 547, 549 (Ohio 2001)).

Here, the all-risk Policy covers Langley’s loss, and Lexington cannot establish that the Policy is capable of the construction it favors with regard to the exclusions, much less that it is “the only one that can fairly be placed on the language in question.”

To begin with, Lexington’s reliance on the Policy’s Vacancy Exclusion is misplaced.² That exclusion states in relevant part that the policy excludes “Vandalism, meaning willful and malicious damage to, or destruction of, the described property. *But if vandalism results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.*” (emphasis added). Your coverage denial letter totally ignores the italicized clause above.

A plain reading of this language dictates that although parts of the building damaged by the purported vandalism, perhaps including even the sprinkler system itself, may not be covered loss under the Policy, undoubtedly loss that *resulted from* the purported vandalism would be covered, so long as the loss is not excluded elsewhere in the Policy. This covered loss clearly includes the water damage that accounts for the vast majority of the loss amount, because it resulted from the purported vandalism. And, certainly, Lexington cannot prove that the water-damage loss is “clearly and exactly” excluded, as it must prove in order to deny coverage.

Well-established case law shows that similar policy language is routinely held to provide coverage in circumstances such as Langley’s. For example, in *Blaine Construction Corp. v. Ins. Co. of North America*, the Sixth Circuit Court of Appeals considered whether water damage to insulation was a covered loss when the water stemmed from faulty construction. 171 F.3d 343 (6th Cir. 1999). The policy at issue contained an exclusion for faulty construction (much like the Langley Policy has an exclusion for vandalism). But it also contained an exception to that exclusion that applied when otherwise covered loss ensued, even if no coverage existed for the cost of correcting the excluded condition (in that case, the cost to correct the faulty workmanship; in Langley’s case, the cost to fix the water suppression system). The court therefore found in the policyholder’s favor, and held that the loss associated with water damage to the insulation was covered. *Id.* at 349-51. *See also, e.g., Schrock v. Feazel Roofing Co.*, No. 02CAE10049, 2003 Ohio App. LEXIS 3362, at *20-21 (Ohio Ct. App. July 9, 2003) (“damage to appellants’ roof is excluded

² Langley specifically reserves its right to take the position that its loss was not in fact caused by vandalism. For purposes of this letter, however, Langley will address the Policy’s vandalism exclusion as if it is relevant to the loss.

David S. Rademacher
March 22, 2022
Page 3

as a result of faulty, inadequate or defective repair . . . [but] any ensuing loss resulting from rainwater damage and/or collapse is not.”).

If Lexington did not wish to provide coverage for vandalism and any further loss that resulted from the vandalism, it should have stated that. But it did not. Instead, it stated the opposite, providing that “*if vandalism results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.*” And that is exactly what happened with the water damage experienced by Langley here. As a result, coverage must be provided.

Your letter also refers to the Policy’s Vacancy Permit, and apparently posits that sprinkler leakage is not a covered cause of loss due to the language of the Permit. Subsection A of the Vacancy Permit states that, “The VACANCY Loss Condition does not apply to direct physical loss or damage: (1) At the locations; and (2) During the Permit Period [defined as 6/28/2021 to 6/28/2022].” Part B goes on to state, “This Vacancy Permit does not apply to the Excepted Causes of Loss indicated in the Declarations or by an ‘X’ in the Schedule.” In other words, the Vacancy Loss Condition *does* still apply, and may exclude coverage, to causes of loss that are excepted in accordance with Part B of the Vacancy Permit – either by listing the excepted causes of loss in the Policy’s Declarations, or by marking the causes of loss with an “X” in the Permit itself.

Here, there are no excepted causes of loss. None are listed in the Policy’s Declarations. And none of the causes of loss listed within the Vacancy Permit are marked with an “X.” It is crystal clear, therefore, that the Vacancy Loss Condition does not apply, and the water damage is a Covered Cause of Loss.

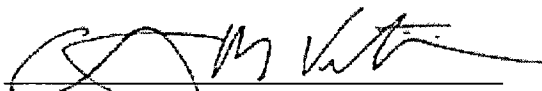
For further proof of this fact, compare the Vacancy Permit in the Policy to the Vacancy Permit analyzed in *Executive Property Development v. Nautilus Ins. Co.*, No. 291368, 2010 Mich. App. LEXIS 1807, at *3-4 (Mich. Ct. App. Sept. 23, 2010). The policy in that case contained the exact policy form used by Lexington’s Policy. But in that case, the excepted causes of loss were clearly marked with an “X.” Because no causes of loss were marked in Lexington’s Policy, the Vacancy Loss Condition is inapplicable.

Please contact me as soon as possible, and no later than April 5, 2022, if Lexington wishes to fulfill its obligations to its insured and to provide coverage for the Claim. If it chooses not to do so, Langley reserves all rights in law, in equity, and under the Policy, including the right to bring suit against Lexington. Please call me at your earliest convenience if you would like to discuss.

Sincerely,

KEATING MUETHING & KLEKAMP PLL

By:


Anthony M. Verticchio

11590699.1

EXHIBIT D



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April 15, 2022

VIA E-MAIL: averticchio@kmklaw.com

Anthony M. Verticchio
Keating Muething & Klekamp PLL
One East Fourth St., Ste. 1400
Cincinnati, OH 45202

RE: Matter of The Langley Companies / F.R. Langley
Our File Number: 1050315

Dear Mr. Verticchio:

We have been retained as outside legal counsel to represent Lexington Insurance Company ("Lexington") and write separately to discuss case law supporting our client's position that The Langley Companies / F.R. Langley ("Langley") cannot establish coverage under the property insurance contract at issue.

Langley cannot meet its burden of proof to come within the limited exception to the vandalism exclusion. The seminal case of *Acme Galvanizing Co., Inc. v. Fireman's Fund Ins. Co.*, 221 Cal. App. 3d 170 (Cal. App. 1990) is instructive in this regard. In *Acme*, the insured sought coverage under an all risk commercial policy for damage caused when a steel kettle at Acme's plant ruptured allowing molten zinc to spill onto surrounding equipment. Acme contended that even if the kettle rupture was caused by a latent defect, an excluded peril, the discharge of molten zinc which damaged or destroyed the surrounding equipment constituted an ensuing loss, which came within the exception to the exclusion. In rejecting the insured's contention, the court held as follows:

We interpret the ensuing loss provision to apply to the situation where there is a "peril," *i.e.* hazard or occurrence which causes the loss or injury, **separate and independent**, but resulting from the original excluded peril, and this new peril is not an excluded one from which loss ensues ... Here, there was no peril separate from and in addition to the initial excluded peril

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Anthony M. Verticchio
 April 15, 2022
 Page 2

of the welding failure and kettle rupture. The spillage of molten zinc was part of the loss directly caused by such peril and was not a new hazard or phenomenon.

270 Cal. Rptr. at 410 (emphasis added). Accordingly, the court held that the resulting damage from the kettle rupture was not covered under the policy.

Courts throughout the country have similarly concluded that an independent peril must result from the excluded peril to cause separate damage—otherwise the exception would swallow the exclusion. *See*, *TMW Enters., Inc. v. Fed. Ins. Co.*, 2010 WL 3326137, *2 (6th Cir. 2010); *Swire Pac Holdings, Inc. v. Zurich Ins. Co.*, 139 F.Supp. 2d 1374, 1382 (S.D. Fla. 2001); *Vermont Elec. Power Co., Inc. v. Hartford Steam Boiler* 72 F.Supp. 2d 441, 445 (D. Vt. 1999). *Schloss v. Cincinnati Ins. Co.*, 54 F.Supp. 2d 1090, 1094-96 (M.D.Ala. 1999); *Narob Development Corp., v. Insurance Co. of North America*, 219 A.D.2d 454 (1995); and *Montefiore Med. Center v. Am. Prot. Ins. Co.*, 226 F. Supp. 2d 470, 479 (S.D.N.Y. 2002).

“Residual damage is not considered an ‘ensuring loss’ if it was proximately caused by the non-covered event.” *Mazzarella v. Amica Mut. Ins. Co.*, 2018 U.S. Dist. LEXIS 20737 at *18 (Dist. Conn. 2018). To that end, the policyholder has the burden to prove a “causation-in-fact breaking link in coverage exclusions, establishing that independent losses caused by an excluded event are covered.” *HoneyBaked Foods, Inc. v. Affiliated FM Ins. Co.*, 757 F. Supp. 2d 738, 746 (N.D. Ohio 2010) (citing *TMW Enters. v. Fed. Ins. Co.*, 619 F.3d 574, 578-79 (6th Cir. 2010)) (internal quotations omitted).

In this case there exists no evidence that a separate and independent peril resulted from vandalism. The sprinkler system, and more particularly several sprinkler heads, sustained damage as a result of vandalism, which directly and proximately caused the release of water in the Property. There was no intervening or aggravating event that independently caused the release of water. Rather, the damage to the sprinkler heads from the original peril, vandalism, was the sole cause of the release of water.

Langley’s reliance on the Sixth Circuit’s decision in *Blaine Construction* is misplaced for several reasons. The court in *Blaine Construction*, applying Tennessee law, was confronted with a faulty workmanship exclusion which the insurer argued precluded coverage arising from a contractor’s failure to seal the vapor barrier edge tabs while installing a roof and which led to the interior insulation suffering water damage. The court misapplied its decision regarding interpretation of the ensuing loss provision on its earlier decision in *Farmers Chem. Ass’n v. Maryland Cas. Co.*, 421 F.2d 319 (6th Cir. 1970) to conclude that since the parties offered conflicting interpretations of the ensuing loss provision at issue, the provision was at best ambiguous. The language, however, was not ambiguous merely because the parties disagreed as to its meaning. Further, the language was well-recognized accepted wording which appears in many property insurance contracts. Instead, the inquiry to establish a loss within the exception is fact intensive and facts of each claim differ—that does not make the language ambiguous.

Anthony M. Verticchio
 April 15, 2022
 Page 3

Moreover, Langley relies on *TMW Enters. v. Fed. Ins. Co.*, 619 F.3d 574, 575 (6th Cir. 2010), which actually supports our client's position that alleged loss does not fall within the limited exception to the vandalism exclusion. In that case, the insured discovered during a renovation that the original builder had improperly constructed the exterior walls and that water had infiltrated the building and compromised its structural integrity. *Id.* The insurer conducted its own investigation and attributed the damage to construction defects and wear and tear, both of which were excluded. *Id.* at 576. The insurer subsequently denied the claim. *Id.* The insured argued that although faulty workmanship allowed water to seep into the walls, the intruding water was a "peril not otherwise excluded" under the policy, and therefore, any damages caused by water were covered pursuant as an ensuing loss. *Id.*

The court concluded that the insured's interpretation of the ensuing loss exception was unreasonable because, in effect, it rendered the exclusion meaningless. *Id.* at 576-78. The Sixth Circuit rejected the same argument made by Langley holding:

Instead of carving out an exception to this exclusion, this theory of interpretation would create a virtual, if not complete, exclusion of the exclusion. When a policy excludes "loss or damages . . . caused by or resulting from . . . faulty . . . workmanship . . . [or] construction" of a building, it should come as no surprise that the botched construction will permit the elements--water, air, dirt--to enter the structure and inside of the building and eventually cause damage to both. TMW's chain of reasoning--that water technically was the final causative agent of the damage, as opposed to the faulty construction, that "water damage" is not specifically excluded from the policy, that coverage accordingly applies--essentially undoes the exclusion.

As an "all-risk" policy, this insurance policy basically covers everything unless specifically excluded. That means the number of possibilities for last-in-time "but for" causes of damage are limited only by the imagination of the reader. What if a roof contains a flawed design (think Frank Lloyd Wright, see *Essex Ins. Co. v. Fidelity & Guar. Ins. Underwriters, Inc.*, 282 F. App'x 406, 409 (6th Cir. 2008)), and it leaks water into the house, which ruins one of the floors? But for the water, no damage to the floor would have occurred. Yet the contract does not exclude damages caused by "water." Coverage? ... As in each of these examples, so too here: The very risk raised by the flawed construction of a building came to pass. *To say that the risk was not covered because other elements or natural forces were the last causative agents of the damage, though to be sure utterly foreseeable causes of the damages, is to eliminate the exclusion.* It is exceedingly strange to think that a single phenomenon that is clearly an excluded risk under the policy was meant to become compensable because in a philosophical sense it can also be classified as water damage.

Id. at 576-77 (emphasis added). Properly construed, the court stressed that an ensuing loss provision is "a causation-in-fact breaking link in coverage exclusions, establishing that independent, non-foreseeable losses caused by faulty construction are covered" in "those rare cases

Anthony M. Verticchio
April 15, 2022
Page 4

where the reasonable damage expected to be caused by [an excluded peril] leads to another peril that causes damage beyond that normally expected.” *Id.* at 587-79. In sum, if “the damage came ‘natural[ly] and continuous[ly]’ from the [excluded peril], unbroken by any new, independent cause, the exclusion applies and the ensuing loss provision does not.” *Id.* at 579 (internal quotations omitted). The Sixth Circuit also expressly distinguished the *Blaine Construction* decision and significantly diminished the scope of its application. *Id.* at 580.

Langley also directs Lexington’s attention to the Dissenting opinion in *Schrock v. Feazel Roofing Co.*, 2003-Ohio-3742 (5th Dist. 2003). The court in *Schrock* determined the water damage to the insured’s roof caused by poor workmanship during earlier roofing repairs. The court affirmed the trial court’s conclusion that no portion of the loss was covered under the ensuing loss provision of the policy. *Id.* at P30.

We note that in the March 22, 2022 letter, Langley does not assert any specific cases interpreting the insurance contract provisions relating to Vacancy Condition, Vacancy Permit and the Duties in the Event of Loss. Without waiving and reserving all of our client’s rights at law, in equity and under the property insurance contract at issue, we refer you to their letter of April 14, 2022, which explains the independent bases for denial of your client’s claims.

Very truly yours,

HINSHAW & CULBERTSON LLP

A handwritten signature in black ink, appearing to read 'PEK', with a horizontal line extending to the right.

Peter E. Kanaris

EXHIBIT E



April 14, 2022

VIA E-MAIL: averticchio@kmklaw.com

Anthony M. Verticchio
Keating Muething & Klekamp PLL
One East Fourth St., Ste. 1400
Cincinnati, OH 45202

RE: Insured: The Langley Companies / F.R. Langley

Policy No.: 026710169
Policy Period: 6/28/2021 – 6/28/2022
Date of Loss: September 17, 2021
Location of Loss: 5051 Estecreek Drive, Cincinnati, OH 45232
Claim No.: 9298819535US

Dear Mr. Verticchio:

Further to its January 7, 2022 letter, Lexington Insurance Company (“Lexington”) writes in response to your March 22, 2022 correspondence relative to the claim of The Langley Companies / F.R. Langley (“Langley”) and must advise Langley that no new information has been presented to reconsider its determination of no coverage. Lexington continues to deny any and all liability under the Policy for the claimed damage to the building at 5051 Estecreek Drive, Cincinnati, OH 45232 (“Property”).

As a threshold issue, Langley does not challenge the finding that the damage to the Property’s sprinkler system was caused by vandalism. While Langley reserved its right to later challenge that finding, the March 22, 2022 letter contained no new facts or information to demonstrate that vandalism did not cause the damage.

By way of summary, after receipt of the notice of claim, the adjustment team inspected the Property on September 24, 2021, October 4, 2021, and October 11, 2021. The Property was vacant at the time of the inspections. It is unknown how long the property had been vacant and further Langley has not submitted any information related to their last inspection of the Property. The inspections revealed that three sprinkler heads showed significant evidence of extended discharge and that the damage to the three sprinkler heads was consistent with a targeted and purposeful impact of an object in motion.



By endorsement, the Policy excludes vandalism and states in straightforward language that vandalism is not a Covered Cause of Loss as follows:

CP 10 55 06 07

**THIS ENDORSEMENT CHANGES THE POLICY.
PLEASE READ IT CAREFULLY**

VANDALISM EXCLUSION

With respect to the location(s) indicated in the Schedule, the following provisions apply.

- A.** The following is added to the **Exclusions** section and is therefore **not** a Covered Cause of Loss:

VANDALISM

Vandalism, meaning willful and malicious damage to, or destruction of, the described property.

But if vandalism results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

As previously explained, the vandalism exclusion therefore applies to preclude coverage under the Policy.

While there is a limited exception to the vandalism exclusion, Langley has not identified any damage resulting from an independent covered peril apart from vandalism. The sprinkler system, and more particularly several sprinkler heads, sustained damage as a result of vandalism, which directly and proximately caused the release of water in the Property. There was no intervening covered event that independently caused the release of water. Rather, the damage to the sprinkler heads from the original excluded cause of loss—vandalism. Accordingly, no facts have been established by Langley to come within the limited exception to the vandalism exclusion.

Next, the Policy contains a Vacancy Permit, which expressly excludes loss or damage resulting from vandalism and sprinkler leakage as follows:

SCHEDULE



<u>Prem.</u>	<u>Bldg.</u>	<u>Excepted Causes of Loss</u>		
<u>Permit Period</u>				
<u>No.</u>	<u>No.</u>	<u>Vandalism</u>	<u>Sprinkler Leakage</u>	<u>From</u>
<u>To</u>				
All	All			
	6/28/2021 6/28/2022			

A. The VACANCY Loss Condition does not apply to direct physical loss or damage:

1. At the locations; and
2. During the Permit Period; shown in the Schedule or in the Declaration.

B. This Vacancy Permit does not apply to the Excepted Causes of Loss indicated in the Declarations or by an "X" in the Schedule.

As such, the Vacancy loss conditions of the Policy apply to bar coverage and provide an additional basis for Lexington's denial of any liability.

With respect to the Duties in the Event of Loss or Damage, the Policy provides as follows:

3. Duties In The Event Of Loss Or Damage

a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and



keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.

Lexington's adjustment team's inspection revealed that the Property sustained extensive water and mold damage. Further, the inspection revealed corrosion of metal fixtures and surfaces and wood rot, which is indicative of long-term water impact. According to the Engineering Report prepared by Michael Mathews, Forensic Mechanical Engineer, EFI Global, all three of the damaged sprinkler heads showed significant evidence of an extended discharge period. There is also evidence that the Property had been vacant for two and a half years and had not been inspected or monitored for approximately four months leading up to the loss event. Thus, Langley failed to comply with its duties under the Policy and provide prompt notice of the alleged loss. Given Langley's failure to reasonably monitor and inspect the Property, in conjunction with the slow and progressive nature of the release of water from the sprinkler system, Langley failed to take reasonable steps to protect Covered Property from further damage.

In addition, Langley failed to give prompt notice of the loss and damage, as required by the Policy. Lexington's inspections revealed the release of water from the sprinkler system was slow and progressive, likely spanning an extended period of time. Langley's failure to timely notify Lexington of the loss and damage is proven by the very nature of the damages when viewed in light of the rate at which the water was being released by the sprinkler system.

Langley also failed to notify the police that the Property had been vandalized. Langley does not contest that the Property, and more specifically the sprinkler system, was damaged as a result of vandalism. There is also no contest that vandalism is a crime. Yet, there is no evidence that Langley, at any point, notified the police the Property had been vandalized, in violation of the Policy.

Lexington continues to reserve all of its rights and defenses. Neither by this letter nor by any other conduct does Lexington waive any of its rights and defenses under the Policy, at law or in equity. Lexington shall not be precluded from relying upon any terms, conditions, limitations and/or exclusions of the Policy; all being expressly reserved. Additionally, the foregoing enumeration of



specific provisions of the Policy are not intended to waive any other provision or defense which is now or hereinafter available to Lexington.

Very truly yours,

David S. Rademacher

David S. Rademacher

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CINCINNATI OH 45202
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12/27/2022 SUMMONS & COMPLAINT
LEXINGTON INSURANCE COMPANY
CO CORPORATION SERVICE COMPANY
251 LITTLE FALLS DRIVE
WILMINGTON DE 19808

